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Greece

Dried Fruit

Annual

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Report Highlights:

Greek dried fruit production dipped slightly in 2005, but is expected to rebound in 2006. However, future output will likely be influenced by a number of factors, including changes to the EU CAP, production shifts, and market competition.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Production

Sultana Cooperative Organizations, (KSOS) in Crete and Peloponnese report that the 2005 raisin production of 28,000 MT, was down slightly down from the 29,000 MT produced in 2004. Dry weather conditions during the summer of 2005 resulted in less fruit. Early reports for the 2006 crop output indicate that the sun dried fruit production will easily reach 30,000 MT, possibly more, if favorable weather conditions prevail until the end of the growing period. Current weather conditions, on the island of Crete, where the largest percentage of Greek dry sultanas are produced, have been excellent. Farmers are optimistic for a good harvest, however summer temperatures will play the decisive role.

Total sultanas plantings of 24,000 hectares in Greece, are divided among Crete with Crete 12-13,000 Ha (mostly for dried fruit product) and the remaining in the mainland of North Peloponnese and the Ionian Islands. The production data for sultanas includes both fresh and dried sultanas because both are marketed, and sometimes even produced on the same farm. Most fresh sultanas are produced in Northern Peloponnese, in the prefectures of Corinth and Aigialis. In the early 1990's, sultana acreage on the island of Crete, alone, exceeded 20,000 hectares.

The evolution of the sultana crop in Crete was described previously in GR 5011 (2005 Dried Fruit Annual Report). Reportedly, during 2004 – 2006 farmers in Crete increased sultana acreage 7.2 percent, in an attempt to benefit from EU income supports, payment of which is based on area of production. However, when factored with abandoned fields and shifts in production to grapes and olives, this increased acreage is not expected to have much of an impact on output. Greece's primary competitor, both in the EU and in international markets, is Turkey, with production of 250,000 MT, annual sales of 300,000 MT, and lower production costs than Greece. Younger generations of Greek farmers have abandoned traditional dried raisin production with small vineyards because of small land ownership, plant diseases in the 1980's and 1990's and competition from countries like Turkey.

Trade

In 2005, the quality of Greek raisins was excellent, with almost 70% graded No. 2, 12% No. 1, 15% No. 4 and 5% No. 5. Pricing for dried sultanas, delivered to packers, fluctuated according to the season of delivery and quality, but generally farmers received:

Quality Grade	Price in Euro/Kg.
Grade No. 1	55
Grade No. 2	38
Grade No. 4	35
Grade No. 5	30

Ag Cooperatives paid slightly higher prices, demanding better quality in an attempt to sell better products to their traditional buyers in both the foreign and domestic markets. KSOS paid an additional 0.03 €/kg to farmer groups, to offset expenses connected to harvesting and sun drying.

Private processors usually purchase at later stages and pay lower prices for medium to lower quality products. The export activity in 2005/2006 lasted until early February 2006, with no significant stocks reported. Turkey entered the 2005/2006 marketing year with relatively high export prices (reported at US \$ 1,400/MT), which facilitated earlier Greek exports. As a

result, packers and traders have unexpectedly sold all their production. Export prices of Greek raisins to the EU markets ranged between U.S. \$1,100-1,200/MT.

There are seven private sultana manufacturers and packers in Greece, four of which are in Peloponnese and three are in Crete. In addition, there are seven smaller manufacturers/packers in Peloponnese who process mostly black currants. Traditionally, cooperative organizations offer higher prices to farmers and manage to absorb over 50 percent of delivered raisins. Sultana Cooperatives (KSOS) can pack over 13,000 MT of raisins annually and deliver the best quality. Retail packers of dried fruit, buy from KSOS and other processors, produce various value-added product packs, and deliver to domestic and foreign markets. A 200 gram pack of black currants is priced in the retail market at 1.25 €, while a 200 gram pack of sultanas, at the same grade level, is priced at 0.90 €. Greek sultanas are of high quality and tend to be used by snack, confectionary and bakery industries, but production in Greece is small.

Greek sultana exports in CY 2005, reached over 28,000 MT (valued at approximately U.S. \$40.3 million), compared to 23,000 MT in CY 2004 and 22,000 in CY 2003. Exports for CY 2006 are estimated at 29,000 MT, provided that production reaches the expected levels and Turkey does not enter the market with low prices during MY 2006/2007. Greek exports are primarily destined to old and new EU member states, with 24,000 MT, valued at U.S. \$34.2 million. In CY 2005, 554 MT, with a value of U.S. \$0.75 million, were exported to the U.S. Raisins imported into Greece during CY 2005, were less than 1,000 MT, compared to over 3,000 MT during CY 2004. Of these imports, 417 MT were from the U.S., and smaller amounts originated in various other countries, including Iran at 77 MT, Afghanistan at 270 MT, and intra-EU trade at 127 MT of unknown production origin where some would likely be from the U.S.

Policy

Since 1990 registered farmers are eligible for income support payments, imposed by the CAP reform regulations on sultanas (Basic EU Regulation No 2201 and Implementation EU Regulation No 1621). Through crop year 2003, support payments were paid under the stipulation that yields per hectare were equal to, or higher than, 3,050 kg per hectare. The support payment this year, about 3,700 € per hectare, has been reduced by 2-3 percent, based on the EU fund budget reduction of 5.86 million Euros for the sector. The problem with these support payments for the Greek sultana farmer is that the yield threshold of 3,050 kilograms is achieved only by a small number of farms. Moreover, not all of these farms that achieved the threshold are registered as sultana growers. Because of the age of the orchards and the unfavorable soil conditions in most parts of Crete, Sultana Farmer Organizations have protested the yield threshold requirement for many years. They have asked the Government of Greece to reduce the yield quota so more farmers would become eligible for the income support payments. Starting with the 2004 crop, the Minister of Agriculture reduced the yield quota to 2,100 Kg/Ha, approved by the EU. This sets the Greek standard at the minimum quantity required for EU dried fruit support payments. Only farmers officially registered by acreage of cultivation in local Ministry of Agriculture authority records are eligible. This policy change has caused a number of small farmers to expand their acreage in an attempt to reach the minimum output requirement of 2,100 Kg/Ha and thereby qualify for the support - the 7.2% increase in Crete noted previously. These new plantings took place in late 2003 and early 2004, and are expected to yield "supplementary" fruit by 2007 and 2008.

Discussions on CAP on horticultural products, including dried fruit, continue between the EU and member states and within Greece between Farming Organizations and the Ministry of Agriculture. The reactions of individual member states and the actual "legislation form" of

the proposal will start be brought to the Council of Ministers meetings in the second half of 2006, during the Finnish Presidency. The final legislation should be ready for application in the beginning of 2007. According to the Ministry of Agriculture and KSOS, indications are that full decoupling will be followed for raisins. If so, this will likely result in better organization in the sector such as crop and product packaging improvements and farmers focusing on product quality improvement practices. Most Greek raisin producers primarily grow grapes and olives and supplement their incomes with fresh sultanas since they are the most exportable fresh product. Other seedless table grape varieties (i.e., red seedless) have recently been promoted by the local Institute for Subtropical Horticultural Products in Hania – Crete, in an attempt to help farmers restructure old vineyards and reorient toward production of fresh fruit demanded in the European markets, particularly off-season varieties.

PS&D Table, Raisins

PSD Table

Country Commodity	Greece		(HA)(MT)				UOM
	2004	Revised	2005	Estimate	2006	Forecast	
Market Year Begin	USDA Official [Estimate[1]	USDA Official [Estimate[1]	USDA Official [Estimate[New]	MM/YYYY
	09/2004	09/2004		09/2005		09/2006	
Area Planted	20000	20000	0	23500	0	23600	(HA)
Area Harvested	16000	16000	0	16500	0	16800	(HA)
Beginning Stocks	580	580	5000	5480	0	2180	(MT)
Production	28000	29000	0	28000	0	30500	(MT)
Imports	2900	2900	0	1700	0	1000	(MT)
TOTAL SUPPLY	31480	32480	5000	35180	0	33680	(MT)
Exports	22000	22000	0	28000	0	28000	(MT)
Domestic Consumption	4480	5000	0	5000	0	5000	(MT)
Ending Stocks	5000	5480	0	2180	0	680	(MT)
TOTAL DISTRIBUTION	31480	32480	0	35180	0	33680	(MT)

Export Trade Matrix, Raisins

Export Trade Matrix**Country** Greece**Commodity** Raisins

Time Period		Units:	MT
Exports for:	2004		2005
U.S.	163	U.S.	554
Others		Others	
U.K.	8748	U.K.	12939
Germany	1785	Germany	2379
Netherlands	3483	Netherlands	3650
France	1261	France	1151
Italy	1024	Italy	1313
Poland	1323	Poland	1680
Other EU	1040	Austria	262
>EU Total	18664	Other EU	546
Australia	1541	>EU Total	23920
		Australia	2108
Total for Others	20205		26028
Others not Listed	2468		1928
Grand Total	22836		28510

Import Trade Matrix, Raisins

Import Trade Matrix

Country Greece

Commodity Raisins

Time Period		Units:	MT
Imports for:	2004		2005
U.S.	386	U.S.	417
Others		Others	
Germany	191	Germany	81
Netherlands	187	Netherlands	3
U.K.	265	U.K.	24
Italy	38	Italy	17
France	63	Cyprus	2
>EU Total	744	>EU Total	127
		Afghanistan	270
		Iran	77
		Chile	20
		Turkey	4
Total for Others	744		498
Others not Listed	1995		
Grand Total	3125		915